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## Netherlands

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## Current Market Opportunities for Wood Pellets in The Netherlands

### Report Categories:

SP1 - Expand International Marketing Opportunities

Biofuels

Wood Products

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### Report Highlights:

The Dutch Government subsidizes the co-firing of biomass, but the funding is linked with complex sustainability criteria which eventually must be demonstrated by the forest owner. To support small landowners, the Dutch legislation provides some flexibility that will still be in compliance with the requirements. Currently one of the most feasible opportunities is the supply of wood pellets made from saw dust.

On September 6, 2013, the Dutch Government signed the Dutch Energy Accord, which set a national goal of 14 percent sustainable energy generation in 2020 and a goal of 16 percent in 2023. In the agreement subsidized, co-firing of biomass is capped annually at about 3.5 million tons of wood pellets. These funds, called Sustainable Energy Production (SDE+) subsidies, pay for the price difference between the cost of renewable and conventional energy.

In the Accord, it was also decided that biomass will have to be subject to sustainability requirements such as forest level certification, information on greenhouse gas (GHG) emissions, carbon debt and indirect land use changes (ILUC). The main barrier for exports of wood pellets to the Netherlands from the United States is the lack of incentives for small landowners in the Southeast to certify their land for wood pellet production. Forest level certification is a requirement for larger Forest Management Unit (FMUs >500 ha) and is phased in for smaller FMUs (<500 ha) over the next four years. As of 2022, forest level certification is mandatory for all FMUs.

However, the Dutch legislation provides some additional options for small landowners to be eligible to supply biomass for subsidized co-firing in the Netherlands:

### ***1. Group Certification***

The Dutch energy sector reached a Covenant with the NGOs. This Covenant includes a fund for supporting group certification. Certification programs such as the Sustainable Biomass Program (SBP), the American Tree Farm System (ATFS), the Sustainable Forest Initiative (SFI), and the Green Gold Label reportedly include the option of group certification.

### ***2. Controlled Wood***

As an alternative to certified wood, controlled wood is permitted in programs such as the Forest Stewardship Council (FSC) or the Program for Endorsement of Forest Certification Schemes (PEFC). Controlled Wood is sourced from “sustainable sources” with a minimum risk of unacceptable harvesting. Compliance can be proven by the pellet mill through certification or verification with a regional risk-based approach. It is permitted up to 30 percent of annual forest biomass upon delivery at the energy producer.

### ***3. Residues from Saw Mills***

Residues from saw mills are not required to demonstrate compliance at the forest level, in addition only the requirements of GHG calculation and Chain of Custody (COC) are applicable. During the last months of 2017 and first months of 2018, mainly pellets made from saw dust were being imported by Dutch buyers. These are sourced from the Baltics and other European sources. As this supply is limited, the United States could be an alternative source.

### ***4. FMU Verification***

The Dutch Government offered the option of verification as an alternative to certification. Verification compliance is provided at the delivery of the biomass to the import market. Certification is a statement of compliance in advance of the delivery of the biomass, which generally lays less risk upon the buyer. Similar to certification, verification at the forest level is a requirement for larger FMUs and is phased in for the smaller FMUs. This can be covered by a forest management plan, which can be drafted by the landowner or an independent auditor.

The biomass according to the above four options can be supplied through mass balancing. In addition, supply can start with pellet mill certification for the smaller FMUs and with expiration of the growth path, phase in applying certification or verification for demonstrating compliance at the forest level.

***For more information go the website of the Dutch Government:***

<https://english.rvo.nl/subsidies-programmes/sde/sustainability-criteria>

***For more information about the opportunities to export U.S. biomass, please contact:***

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